

Aging workforce requires new strategies for employee retention, researcher says

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As more baby boomers reach retirement age, state governments face the likelihood of higher workforce turnover. For example, in the state of Missouri, more than 25 percent of all active state employees will be eligible to retire by 2016. Such large numbers of retirees threaten the continuity, membership and institutional histories of the state government workforce, according to Angela Curl, assistant professor in the University of Missouri School of Social Work. In a case study of the state of Missouri's Deferred Retirement Option Provision (BackDROP), Curl concluded that states may need to restructure deferred retirement incentives to encourage more employees to remain on the job longer and minimize the disruption to government operations.

"Employers need to ask if their organizations are designed to promote turnover or promote retention," Curl said. "States should recognize the benefits of promoting retention. Using delayed retirement incentives to encourage retention is important, particularly when dealing with older employees."

Curl said that a good system of employee retention is inclusive, flexible and accounts for the wide range of circumstances that retirement-eligible employees may consider when deciding to defer retirement. These circumstances could include caregiving for older parents or having a spouse who is retired. In Missouri, BackDROP offers a one-time payment equaling 90 percent of what employees would have received in benefits for an additional five years of service as incentive to delay retirement.

The best predictors of whether state employees chose to delay retirement were: their levels of awareness of retirement options, job functions, and how old they were before they became eligible for deferring retirement. The more aware employees were of BackDROP, the more likely they were to defer retirement. Employees who became eligible for deferring retirement at an older age also were more likely to choose to work longer.

Curl's study was designed to see if race, sex, level of education and marital status played a significant role in retirement-eligible employees' decisions to defer retirement. The study of 296 Missouri state employees eligible for BackDROP revealed that these social demographics did not play significant roles in employees' decision to work longer.

"Deferred [retirement](#) options like BackDROP may be effective at retaining skilled employees in positions that are difficult to fill," Curl said. "Often, state [employees](#) retire and go on to second careers in the private sector."

Provided by University of Missouri-Columbia

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